

HOUSE BILL 800
CONSTITUTIONAL AMENDMENT

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C7

2003 Regular Session
3/12/2013

By: ~~Delegate Donoghue~~ **Delegates Donoghue, Healey, Howard, Jones,
Kaiser, King, Patterson, Ramirez, and Ross**

Introduced and read first time: February 7, 2003

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2003

CHAPTER _____

1 AN ACT concerning

2 **Public Education – Funding – Video Lottery Terminals**
3 **Commission to Study Video Lottery Terminals in Maryland**

4 FOR the purpose of establishing a Commission to Study Video Lottery Terminals in
5 Maryland; requiring the Commission to review and evaluate the effects of
6 authorizing video lottery terminals in the State; providing for the membership
7 of the Commission; requiring the President of the Senate and the Speaker of the
8 House of Delegates to consider geographic diversity in the appointment of
9 Commission members; requiring the Commission to consult with certain
10 executive branch agencies; prohibiting the compensation of members of the
11 Commission but authorizing reimbursement of members of the Commission for
12 certain expenses; requiring the Commission to report findings and
13 recommendations by a certain date; providing for the staffing of the
14 Commission; providing for the termination of this Act; and generally relating to
15 a Commission to Study Video Lottery Terminals in Maryland.

16 ~~FOR the purpose of prohibiting the statutory expansion of forms of gaming, with~~
17 ~~certain exceptions, by the General Assembly; providing for the regulation of the~~
18 ~~operation of certain video lottery terminals by the State Lottery Commission~~
19 ~~under certain circumstances; providing that video lottery terminals may be~~
20 ~~offered for public use in the State only by a business entity to which a video~~
21 ~~lottery facility license has been issued by the State Lottery Commission;~~
22 ~~providing that other laws that prohibit the operation of video lottery terminals~~
23 ~~do not apply to video lottery terminals authorized under this Act; requiring~~
24 ~~video lottery terminals and associated equipment to be owned or leased by and~~
25 ~~under the control of the Commission; limiting the number of licenses to operate~~
26 ~~video lottery terminals to locations at a certain number of different regions of~~

1 the State; requiring that an applicant for a license hold a license to operate a
2 racetrack issued by the State Racing Commission; limiting to a certain number
3 the number of video lottery terminals at a certain facility that a video lottery
4 facility licensee may operate; requiring the State Lottery Commission to select
5 applicants to be issued a video lottery facility license through a competitive
6 process that is to be reviewed and approved by the Governor and the Legislative
7 Policy Committee of the General Assembly before the process is utilized;
8 providing that the proceeds of the video lottery terminal gaming authorized by
9 this Act that are not returned to successful players shall be under the control of
10 the State Lottery Commission; requiring that at least one-half of the net
11 proceeds of the video lottery terminal gaming authorized by this Act be
12 dedicated to a special fund and used to implement the final recommendations of
13 a certain commission on education and a certain task force on college readiness,
14 and for public libraries; submitting this amendment to the qualified voters of
15 the State of Maryland for their adoption or rejection; and generally relating to
16 the financing of public education through the authorization of video lottery
17 terminal gaming that is regulated and controlled by the State Lottery
18 Commission.

19 ~~BY proposing an addition to the Constitution of Maryland~~
20 ~~New Article XIX—State Lottery Commission—Video Lottery Terminals~~
21 ~~Section 1 through 5, inclusive~~

22 Preamble

23 ~~WHEREAS, The question of whether to authorize video lottery terminals is a~~
24 ~~public policy issue of paramount importance to the State; and~~

25 ~~WHEREAS, The authorization of any additional forms or expansion of~~
26 ~~commercial gaming, such as casino style gaming, in the State is prohibited by this~~
27 ~~Act; and~~

28 ~~WHEREAS, The General Assembly recognizes that an investment in education~~
29 ~~is an investment in the State's economic future and in a workforce that can meet the~~
30 ~~challenges of the 21st century and beyond; and~~

31 ~~WHEREAS, The Commission on Education Finance, Equity, and Excellence,~~
32 ~~having concluded its 2-year examination of the adequacy of funding provided to~~
33 ~~educate Maryland's children from prekindergarten through high school, has~~
34 ~~recommended that State funding increase by more than \$1.1 billion over the next 5~~
35 ~~years to reach adequacy and that the Governor and General Assembly consider new~~
36 ~~revenue sources, in addition to reprioritization of the State budget, to help fund the~~
37 ~~recommendations; and~~

38 ~~WHEREAS, The State should dedicate significant levels of funding from the~~
39 ~~video lottery operations to reflect a commitment to adequate prekindergarten through~~
40 ~~secondary public education and educational opportunities for the students of the~~
41 ~~State; and~~

1 WHEREAS, Maryland's horse racing industry reaches across the State affecting
2 farm owners, breeders, horsemen, and track personnel from the Eastern Shore to
3 Western Maryland; and

4 WHEREAS, The General Assembly finds and declares that this Act is necessary
5 to preserve, restore, and revitalize the horse racing and breeding industries and
6 preserve in Maryland the economic impact associated with these industries; and

7 WHEREAS, The General Assembly finds and declares that competition from
8 video lottery facilities in Delaware and West Virginia, and most recently New York,
9 are resulting in increased purses and economic activity in those states and will have
10 a substantial negative impact on Maryland's historic racing and breeding industries
11 and the related economy of the State; and

12 WHEREAS, The General Assembly finds and declares that it is necessary and in
13 the best interest of the economic growth of the State to make commitments to
14 educational programs in the State and to allow Maryland's horse racing and breeding
15 industries to compete with those industries in surrounding states by authorizing
16 video lottery terminals at some of Maryland's racing facilities; now, therefore,

17 SECTION 1. ~~BE IT ENACTED BY THE GENERAL ASSEMBLY OF~~
18 ~~MARYLAND, (Three-fifths of all the members elected to each of the two Houses~~
19 ~~concurring), That it be proposed that the Constitution of Maryland read as follows:~~

20 **~~ARTICLE XIX - STATE LOTTERY COMMISSION - VIDEO LOTTERY TERMINALS~~**

21 ~~1. DEFINITIONS.~~

22 ~~(A) IN THIS ARTICLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
23 ~~INDICATED.~~

24 ~~(B) "NET PROCEEDS" MEANS THE PROCEEDS LESS THE COSTS INCURRED BY~~
25 ~~THE STATE LOTTERY COMMISSION IN ADMINISTERING THIS ARTICLE.~~

26 ~~(C) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH~~
27 ~~VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT~~
28 ~~IS OTHERWISE ALLOCATED UNDER THIS ARTICLE.~~

29 ~~(D) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY ELECTRONIC~~
30 ~~CONTRIVANCE, MACHINE, OR OTHER DEVICE THAT, ON INSERTION OF A COIN,~~
31 ~~TOKEN, OR SIMILAR OBJECT OR ON PAYMENT OF ANY CONSIDERATION, IS~~
32 ~~AVAILABLE TO PLAY OR OPERATE, THE PLAYING OR OPERATION OF WHICH, ONLY BY~~
33 ~~APPLICATION OF THE ELEMENT OF CHANCE, MAY DELIVER OR ENTITLE THE PLAYER~~
34 ~~WHO OPERATES THE DEVICE TO RECEIVE CASH, PREMIUMS, MERCHANDISE,~~
35 ~~TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE~~
36 ~~AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.~~

37 ~~(2) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED~~
38 ~~SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER TITLE 12,~~

~~1 SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE OF THE ANNOTATED CODE OF
2 MARYLAND.~~

~~3 (3) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE A VIDEO,
4 ELECTRONIC, MECHANICAL, OR OTHER POKER OR BLACKJACK CONTRIVANCE,
5 MACHINE, OR OTHER DEVICE.~~

~~6 2. ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING PROHIBITED.~~

~~7 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON OR AFTER
8 THE EFFECTIVE DATE OF THIS ARTICLE, THE GENERAL ASSEMBLY, EXCEPT TO THE
9 EXTENT VIDEO LOTTERY TERMINAL GAMING IS AUTHORIZED BY THIS ARTICLE, MAY
10 NOT AUTHORIZE STATUTORILY ANY ADDITIONAL FORMS OR EXPANSION OF
11 COMMERCIAL GAMING, INCLUDING CASINO-STYLE GAMING, CARD GAMES, DICE
12 GAMES, ROULETTE, SLOT MACHINES, AND VIDEO LOTTERY TERMINALS.~~

~~13 (B) THIS SECTION DOES NOT APPLY TO:~~

~~14 (1) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION,
15 LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE STATE GOVERNMENT
16 ARTICLE OF THE ANNOTATED CODE OF MARYLAND;~~

~~17 (2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE
18 BUSINESS REGULATION ARTICLE OF THE ANNOTATED CODE OF MARYLAND; OR~~

~~19 (3) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR
20 VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE
21 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION INCLUDED UNDER TITLE 12
22 OR TITLE 13 OF THE CRIMINAL LAW ARTICLE OF THE ANNOTATED CODE OF
23 MARYLAND.~~

~~24 3. VIDEO LOTTERY FACILITY LICENSE REQUIREMENTS.~~

~~25 (A) THE STATE LOTTERY COMMISSION SHALL REGULATE THE OPERATION OF
26 VIDEO LOTTERY TERMINALS THAT ARE USED BY INDIVIDUALS FOR VIDEO LOTTERY
27 GAMING OR BETTING PURPOSES AT VIDEO LOTTERY FACILITIES LICENSED UNDER
28 THIS ARTICLE.~~

~~29 (B) ONLY A BONA FIDE CORPORATION, PARTNERSHIP, BUSINESS TRUST,
30 LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY THAT HAS BEEN ISSUED
31 A VIDEO LOTTERY FACILITY LICENSE BY THE STATE LOTTERY COMMISSION MAY
32 OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE STATE UNDER THIS
33 ARTICLE.~~

~~34 (C) ANY OTHER LAW THAT PROHIBITS THE LOCATION, POSSESSION, KEEPING,
35 MAINTAINING, OR OPERATION OF VIDEO LOTTERY TERMINALS DOES NOT APPLY TO
36 VIDEO LOTTERY TERMINALS AUTHORIZED IN ACCORDANCE WITH THIS ARTICLE.~~

~~37 (D) EACH VIDEO LOTTERY TERMINAL DEVICE, ANY ASSOCIATED EQUIPMENT,
38 AND ANY CENTRALIZED COMPUTER SYSTEM THAT IS USED TO CONTROL VIDEO~~

~~1 LOTTERY TERMINALS SHALL BE OWNED OR LEASED BY THE STATE LOTTERY
2 COMMISSION AND SHALL BE UNDER THE CONTROL OF THE STATE LOTTERY
3 COMMISSION.~~

~~4 (E) THE STATE LOTTERY COMMISSION MAY ISSUE NO MORE THAN SIX VIDEO
5 LOTTERY FACILITY LICENSES TO OPERATE VIDEO LOTTERY TERMINALS AT
6 LOCATIONS IN FOUR DIFFERENT REGIONS OF THE STATE.~~

~~7 (F) AT A MINIMUM, AN APPLICANT FOR A VIDEO LOTTERY FACILITY LICENSE
8 MUST HOLD A LICENSE FOR A RACETRACK ISSUED BY THE STATE RACING
9 COMMISSION.~~

~~10 (G) THE NUMBER OF VIDEO LOTTERY TERMINALS IN THE STATE MAY NOT
11 EXCEED 10,000 DEVICES.~~

~~12 (H) A VIDEO LOTTERY FACILITY LICENSEE MAY NOT OPERATE MORE THAN
13 2,000 VIDEO LOTTERY TERMINALS AT A FACILITY FOR WHICH THE LICENSEE HOLDS
14 A LICENSE.~~

~~15 (I) (1) THE STATE LOTTERY COMMISSION SHALL SELECT APPLICANTS TO
16 BE ISSUED A VIDEO LOTTERY FACILITY LICENSE USING A COMPETITIVE PROCESS.~~

~~17 (2) BEFORE THE STATE LOTTERY COMMISSION IMPLEMENTS A
18 COMPETITIVE PROCESS TO SELECT APPLICANTS FOR VIDEO LOTTERY FACILITY
19 LICENSES, THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND THE
20 LEGISLATIVE POLICY COMMITTEE OF THE GENERAL ASSEMBLY FOR REVIEW AND
21 APPROVAL THE COMPETITIVE PROCESS TO BE USED.~~

~~22 4. DISTRIBUTION OF PROCEEDS.~~

~~23 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE
24 CONTROL OF THE STATE LOTTERY COMMISSION.~~

~~25 (B) AT LEAST ONE HALF OF THE NET PROCEEDS SHALL BE DEDICATED TO A
26 SPECIAL FUND AND USED TO SUPPORT:~~

~~27 (1) IMPLEMENTATION OF THE FINAL RECOMMENDATIONS OF THE
28 COMMISSION ON EDUCATION FINANCE, EQUITY, AND EXCELLENCE TO PROVIDE
29 ADEQUATE FUNDING FOR MARYLAND'S CHILDREN IN PUBLIC SCHOOLS FROM
30 PREKINDERGARTEN THROUGH 12TH GRADE;~~

~~31 (2) IMPLEMENTATION OF THE FINAL RECOMMENDATIONS OF THE TASK
32 FORCE TO STUDY COLLEGE READINESS FOR DISADVANTAGED AND CAPABLE
33 STUDENTS TO ENHANCE COLLEGE READINESS, TEACHER PREPARATION, AND
34 FINANCIAL AID FOR MARYLAND'S DISADVANTAGED AND CAPABLE STUDENTS; AND~~

~~35 (3) PUBLIC LIBRARIES.~~

1 ~~5. LOCAL APPROVAL.~~

2 ~~NOTWITHSTANDING ANY OTHER PROVISION OF THE CONSTITUTION OF~~
3 ~~MARYLAND, ANY PROVISION OF THIS ARTICLE THAT AUTHORIZES VIDEO LOTTERY~~
4 ~~OPERATIONS AT A RACETRACK LICENSED BY THE STATE RACING COMMISSION~~
5 ~~SHALL BE CONTINGENT, WITH RESPECT TO BALTIMORE CITY OR THE COUNTY~~
6 ~~WITHIN WHICH THE RACETRACK LOCATION'S VIDEO LOTTERY OPERATIONS IS TO BE~~
7 ~~AUTHORIZED, ON A SPECIAL ELECTION IN WHICH THE MAJORITY OF THE~~
8 ~~REGISTERED VOTERS IN THAT COUNTY OR BALTIMORE CITY APPROVE THE~~
9 ~~OPERATION OF VIDEO LOTTERY TERMINALS AT THE LICENSED RACETRACK.~~

10 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly~~
11 ~~determines that the amendment to the Constitution of Maryland proposed by this Act~~
12 ~~affects multiple jurisdictions and that the provisions of Article XIV, Section 1 of the~~
13 ~~Constitution concerning local approval of constitutional amendments do not apply.~~

14 ~~SECTION 3. AND BE IT FURTHER ENACTED, That the foregoing section~~
15 ~~proposed as an amendment to the Constitution of Maryland shall be submitted to the~~
16 ~~legal and qualified voters of this State at the next general election to be held in~~
17 ~~November, 2004 for their adoption or rejection in pursuance of directions contained in~~
18 ~~Article XIV of the Constitution of this State. At that general election, the vote on this~~
19 ~~proposed amendment to the Constitution shall be by ballot, and upon each ballot~~
20 ~~there shall be printed the words "For the Constitutional Amendment" and "Against~~
21 ~~the Constitutional Amendment," as now provided by law. Immediately after the~~
22 ~~election, all returns shall be made to the Governor of the vote for and against the~~
23 ~~proposed amendment, as directed by Article XIV of the Constitution, and further~~
24 ~~proceedings had in accordance with Article XIV.~~

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That:

27 (a) There is a Commission to Study Video Lottery Terminals in Maryland.

28 (b) The Commission shall review and evaluate the effects of authorizing the
29 operation of video lottery terminals for gaming purposes in the State, including:

30 (1) the estimated annual impact on State revenues;

31 (2) the potential social costs of increases in compulsive gaming and the
32 behaviors associated with compulsive gaming;

33 (3) the potential economic development benefits and the effects on other
34 economic sectors in the State, including the horse racing, tourism, and restaurant
35 industries;

36 (4) the impact on State lottery revenues and other gaming activities in
37 the State;

38 (5) the impact of video lottery terminal operations in Delaware and West
39 Virginia and the potential impact of gaming changes in neighboring states;

1 (6) the appropriate number of and locations for video lottery terminal
2 facilities, including the feasibility of locating these facilities at existing racetrack
3 locations and the potential costs and appropriate allowances for expenses of operating
4 video lottery terminals;

5 (7) the potential impact of video lottery terminal facilities on local
6 jurisdictions; and

7 (8) the impact on law enforcement and criminal activity.

8 (c) The Commission shall be composed of 16 members as follows:

9 (1) a member of the Senate of Maryland, who shall serve as co-chairman
10 of the Commission, appointed by the President of the Senate;

11 (2) a member of the House of Delegates, who shall serve as co-chairman
12 of the Commission, appointed by the Speaker of the House;

13 (3) seven members of the Senate of Maryland, appointed by the
14 President of the Senate, including at least one member from each county with an
15 existing or proposed racetrack holding or planning to hold live thoroughbred or
16 standardbred racing; and

17 (4) seven members of the House of Delegates, appointed by the Speaker
18 of the House, including at least one member from each county with an existing or
19 proposed racetrack holding or planning to hold live thoroughbred or standardbred
20 racing.

21 (d) The President of the Senate and the Speaker of the House shall consider
22 geographic diversity in the appointment of members to the Commission.

23 (e) In gathering information to formulate its findings and recommendations,
24 the Commission shall consult with the appropriate executive branch agencies.

25 (f) The Department of Legislative Services and the University of Maryland
26 shall provide staff support to the Commission.

27 (g) A member of the Commission:

28 (1) may not receive compensation; but

29 (2) is entitled to reimbursement for expenses under the Standard State
30 Travel Regulations as provided in the State budget.

31 (h) The Commission shall submit a report of its findings and
32 recommendations to the Governor and, in accordance with § 2-1246 of the State
33 Government Article, to the General Assembly by December 31, 2003.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 June 1, 2003. It shall remain effective for a period of 7 months and, at the end of

1 December 31, 2003, with no further action required by the General Assembly, this Act
2 shall be abrogated and of no further force and effect.